



ECONOMIC INDICATORS ©

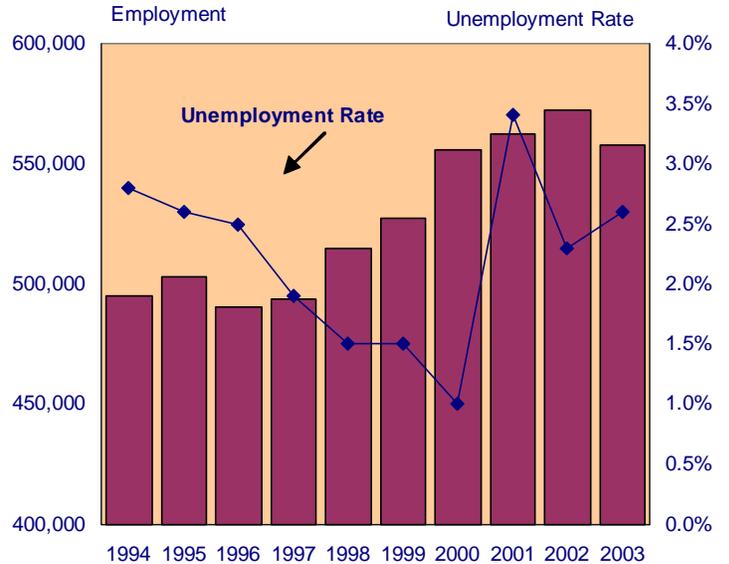
FAIRFAX COUNTY
DEPARTMENT OF MANAGEMENT AND BUDGET

MAY 2003

In this issue . . .

- The unemployment rate in Fairfax County fell from 2.8 percent in February to 2.6 percent in March 2003.
- Sales Tax receipts for Fairfax County have increased 1.1 percent over the same period last year.
- New residential permits decreased 36.9 percent, year-to-date. Through April, single family permits were down 26.8 percent and multifamily permits were down 55.5 percent.
- According to homes sales data through March, existing and new homes in Fairfax County have experienced growth in median sales prices. Sales volume fell significantly for all new home types. In contrast, existing townhome sales rose 9.2 percent and existing condos sales volume increased 25.4 percent, or 217 units.
- Consumer Confidence increased moderately in May adding to the sharp improvement in April. Labor market conditions continue to be of concern, but an economic turnaround is expected in the coming months.
- In March, the Fairfax County Coincident Index moderately increased and the Metropolitan Washington Coincident Index declined. Increases in employment and in sales tax receipts provided the Fairfax County Coincident Index its first gain in three months.
- Both the Fairfax County and Metropolitan Washington Leading Indices declined in March. Despite gains made in job growth in recent months, it is likely that the economy will take several months for consumer spending to catch up with consumer confidence.

RESIDENTIAL EMPLOYMENT - MARCH



Source: Virginia Employment Commission.
Compiled by the Fairfax County Department of Management and Budget.

Unemployment in Fairfax County fell from 2.8 percent in February to 2.6 percent in March 2003. The unemployment rate is lower than the County's March 2002 rate of 3.1 percent.

Additionally, the Virginia Employment Commission (VEC) reported that March 2003 labor figures for the Commonwealth improved 0.2 percent to 4.1 percent—the same rate that was recorded in the state in March 2002. Compared nationally, Virginia was well below the U.S. March 2003 unemployment rate of 6.2 percent.

The VEC reports that Virginia's eight metropolitan areas reported job growth in March 2003. The best one-month improvement was in the Bristol area where the unemployment rate was reduced from 6.1 percent to 5.4 percent. The Danville area continues to have the highest unemployment rate of the eight Virginia metropolitan areas at 7.4 percent.



The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

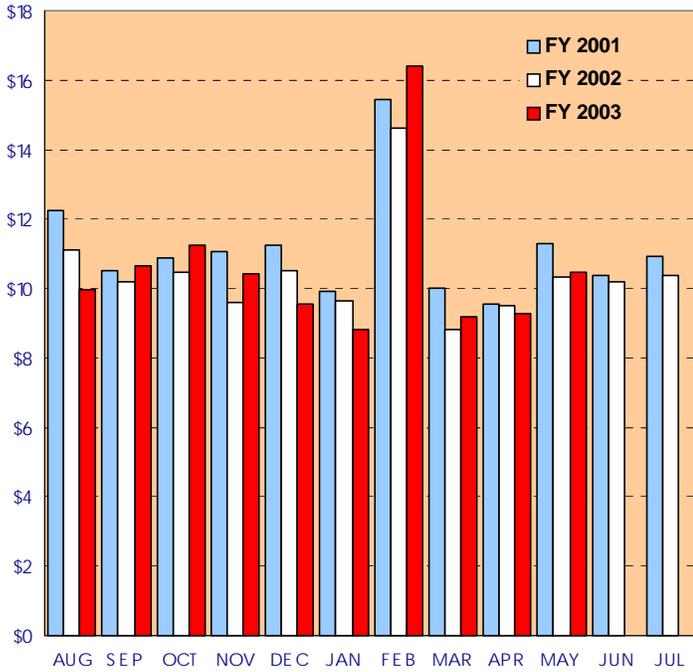
http://www.fairfaxcounty.gov/comm_economic/economic.htm



SALES TAX REVENUES

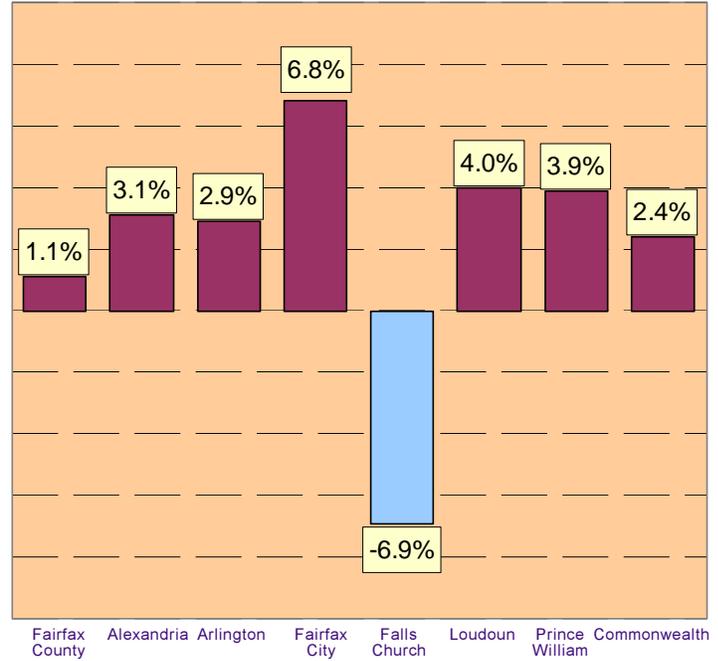
(revenues represent retail sales two months prior)

Millions



Source: Virginia Department of Taxation.
Compiled by the Fairfax County Department of Management and Budget.

FY 2003 SALES TAX RECEIPTS THROUGH MAY 2003



Source: Virginia Department of Taxation.
Compiled by the Fairfax County Department of Management and Budget.

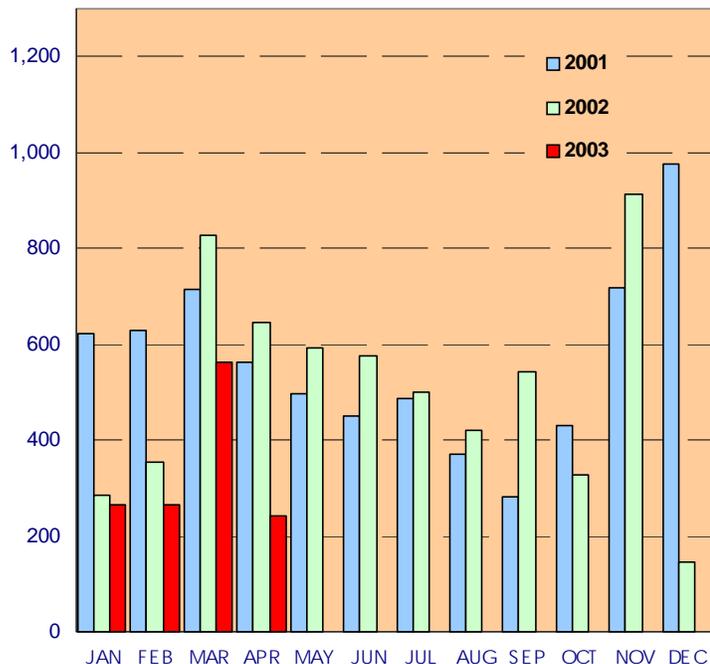
May Sales Tax receipts, which represent purchases made in March, were \$10.5 million, an increase of 1.6 percent over May 2002. For the first 10 months of FY 2003, Sales Tax receipts are 1.1 percent higher than the same period last year.



According to the Commerce Department, seasonally adjusted preliminary retail sales estimates for the U.S. in April decreased 0.1 percent from the previous month but increased 4.1 percent from April 2002. Compared to last year, health and personal care store sales were up 3.6 percent, building materials and garden equipment sales were up 2.3 percent, gasoline station sales were up 6.7 percent, and motor vehicle and parts dealers were up 8.2 percent from April last year.

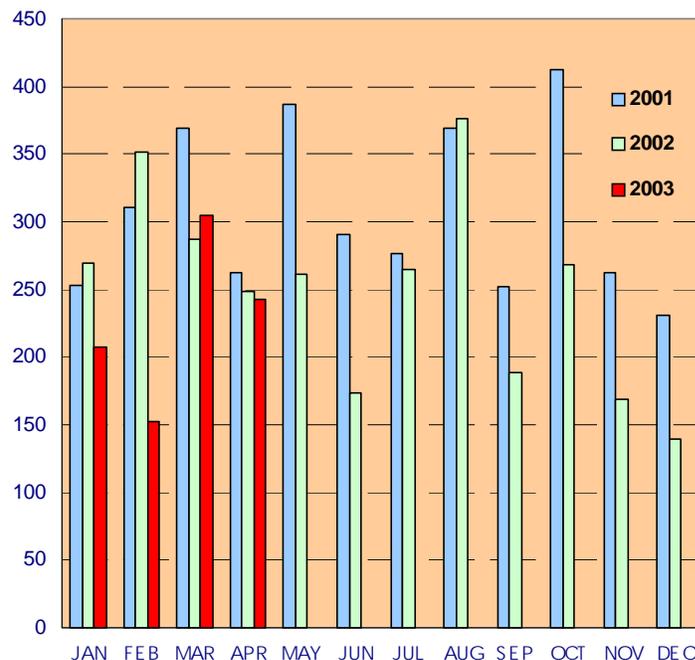
Sales Tax receipt growth through May is positive for all the Northern Virginia localities, except for Falls Church. Sales Tax receipts are up 6.8 percent in Fairfax City, 1.1 percent in Fairfax County, 3.1 percent in Alexandria, 4.0 percent in Loudoun County, 3.9 percent in Prince William County, and 2.9 percent in Arlington County, year-to-date. Sales Tax receipts in Falls Church have experienced a drop of 6.9 percent, year-to-date. During this same period, Statewide Sales Tax receipts are up 2.4 percent.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW DWELLINGS



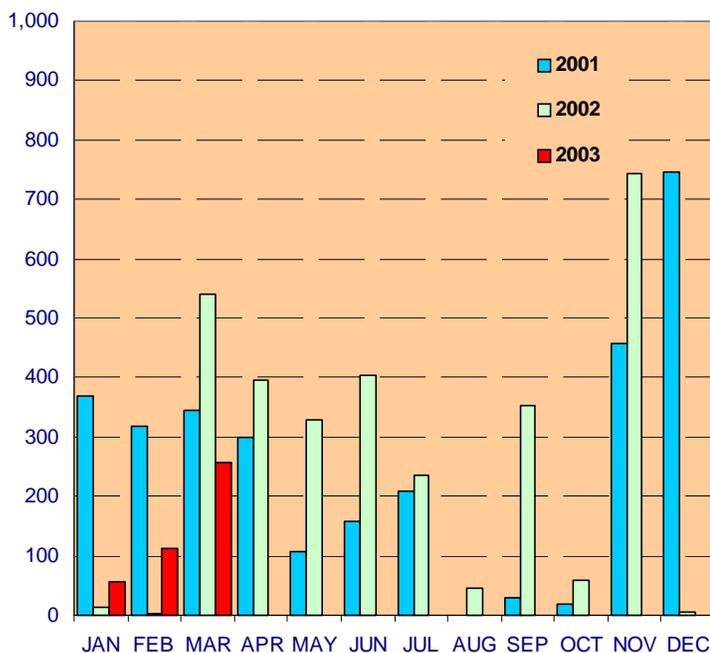
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW SINGLE FAMILY DWELLINGS



Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

NUMBER OF RESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW MULTIFAMILY DWELLINGS



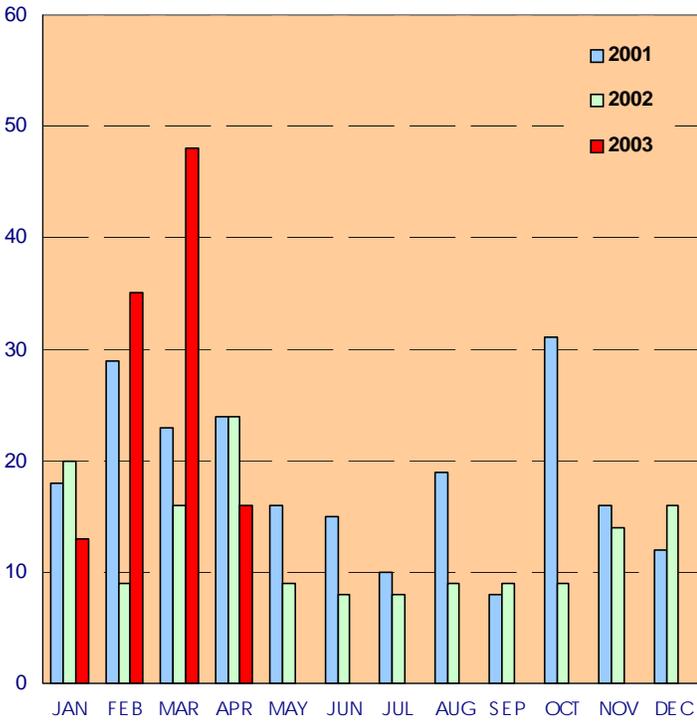
Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

NOTE: In August 2000 and 2001, only one multifamily permit was issued and in February 2002, only two permits were issued; in April 2003, no permits were issued; therefore, the bars are too small to discern.

The overall growth rate of new residential permit categories has decreased, year-to-date. Through April, new residential dwelling permits are down 36.9 percent, or 778 permits. No Multifamily permits were issued in April. Single family permits are down 21.6 percent, or 250, over the same period.

Residential repair and alteration permits are down, year-to-date. Through April, issues of residential repair and alteration permits have fallen by 10.3 percent, or 376 permits, from the same period last year.

NUMBER OF NONRESIDENTIAL BUILDING PERMITS ISSUED MONTHLY FOR NEW STRUCTURES

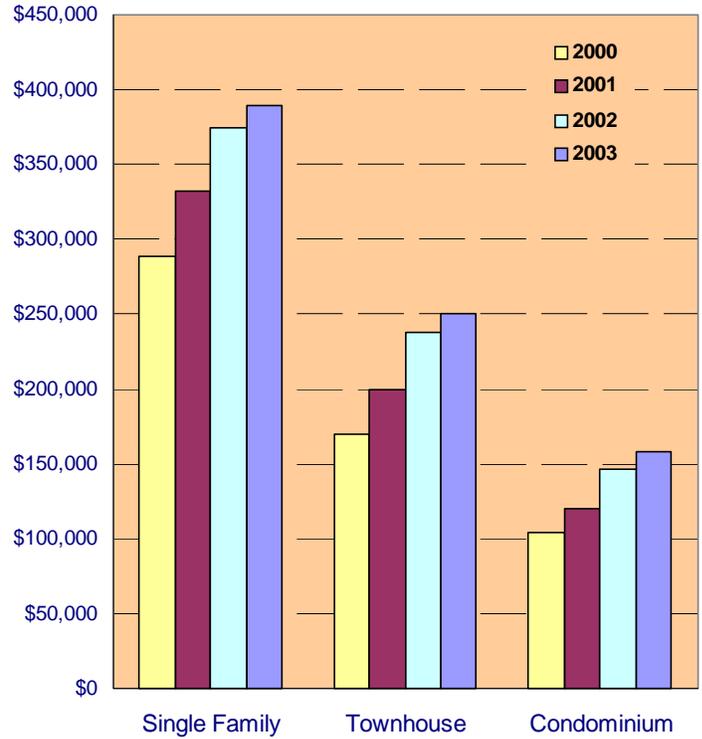


Source: Fairfax County Department of Public Works and Environmental Services. Compiled by the Fairfax County Department of Management and Budget.

Nonresidential building permits issued through April are up 62.3 percent, or 43 permits, over the same period in 2002. Nonresidential repair and alterations permits are down 14.3 percent, or 170 permits, year-to-date.

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD THROUGH MARCH 2003 COMPARED TO THE ANNUAL MEDIAN 2000 - 2002

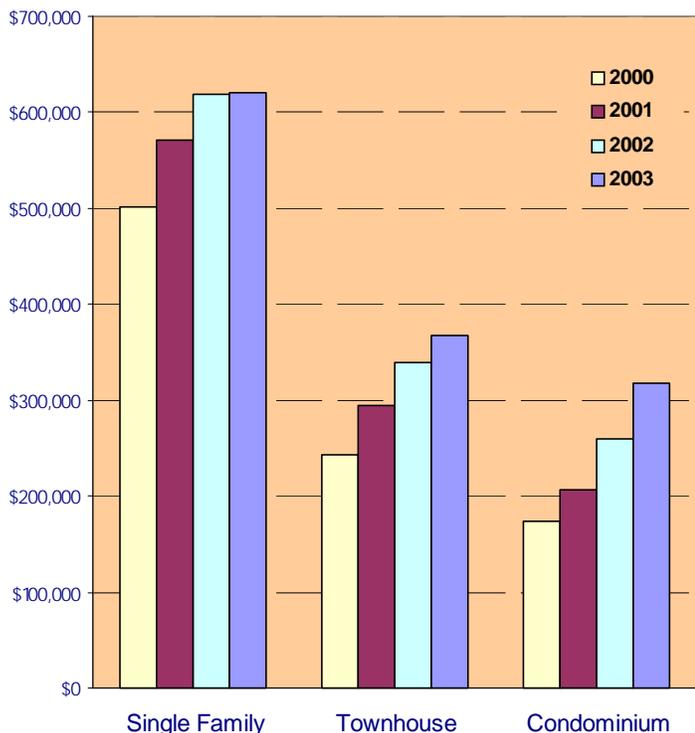


Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

According to home sales data through March 2003, all existing home categories in Fairfax County have experienced moderate growth in median sales prices, year-to-date. For existing single family homes, the median sales price was \$389,000 compared to the 2002 median of \$376,000—growth of 3.5 percent. The median sales price for townhomes grew 4.9 percent from \$238,265 in 2002 to \$250,000 and the median sales price for condominiums increased from \$145,000 to \$157,750 representing growth of 8.8 percent.



MEDIAN PRICE OF NEW HOMES SOLD THROUGH MARCH 2003 COMPARED TO THE ANNUAL MEDIAN 2000 - 2002



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

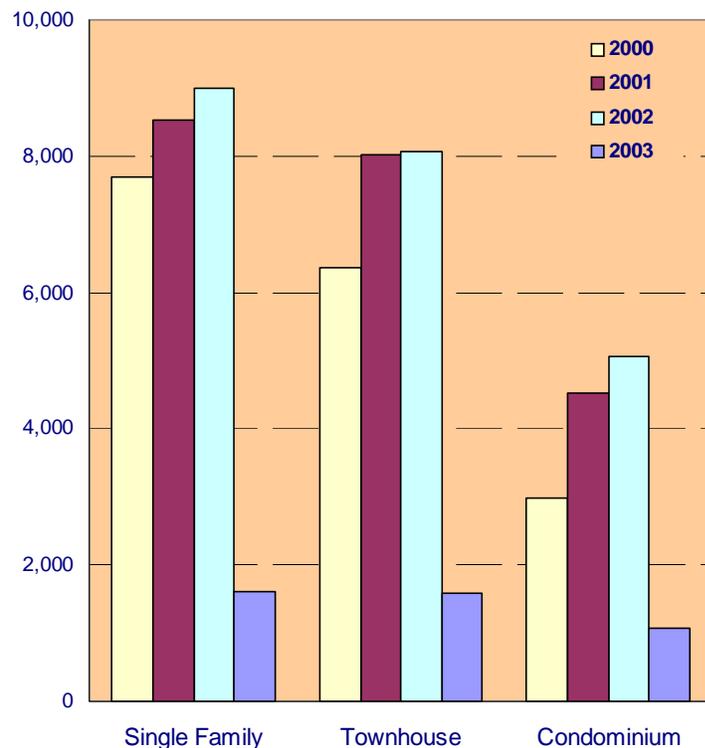
During the first quarter of 2003, the median sales price of new single family homes have increased only slightly above the 2002 median. Through March, the median sales price for a new single family home is \$620,140, an increase of 0.3 percent over the 2002 median price of \$618,131. New townhomes increased 8.3 percent, from \$338,875 to \$366,850. The median sales price for condominiums increased 22.4 percent, from \$259,830 to \$317,900. The median sales price for new condominiums includes eight condos that were sold in March 2003 for an average of \$579,909, which inflated the rest of the sales data since only 13 condominiums have sold year-to-date

PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD YEAR-END 2002 COMPARED TO SALES THROUGH MARCH 2003

	Existing Sales	New Sales
Single Family	3.5	0.3
Townhouse	4.9	8.3
Condominium	8.8	22.4

Changes in selling prices, coupled with the volume of sales, are generally considered reasonable indicators of the County's real estate market. Median selling price increases do not translate directly into assessment adjustments, however, since the mix of homes sold is not necessarily reflective of the County's entire housing stock. Changes in median selling prices are comparisons to the prices of homes sold during the prior year, and the type of homes sold (i.e., model, size, age, location, etc.) varies from one year to the next. The key factor in real estate assessments is not the change in the median sale price, but the relationship of assessments to selling prices within neighborhoods.

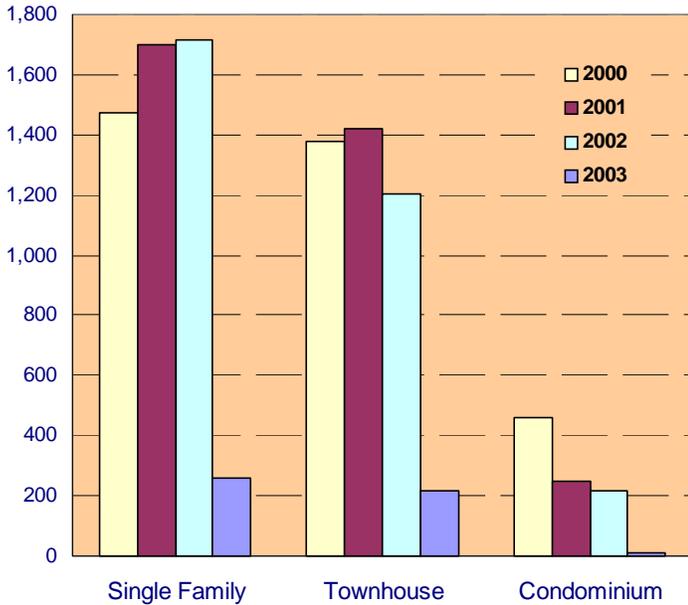
NUMBER OF EXISTING HOMES SOLD THROUGH MARCH 2000 - 2003



Source: Fairfax County Department of Tax Administration. Compiled by the Fairfax County Department of Management and Budget.

Existing home sales volume is up for townhomes and condominiums but down for single family homes through the first quarter of 2003. During the first quarter, existing townhome sales have increased 9.2 percent from 1,448 to 1,581 and condominium sales are up 25.4 percent from 855 to 1,072. Single family homes sales have fallen 3.2 percent, from 1,667 to 1,614, during the first three months of 2003.

**NUMBER OF NEW HOMES SOLD THROUGH
MARCH 2000 - 2003**

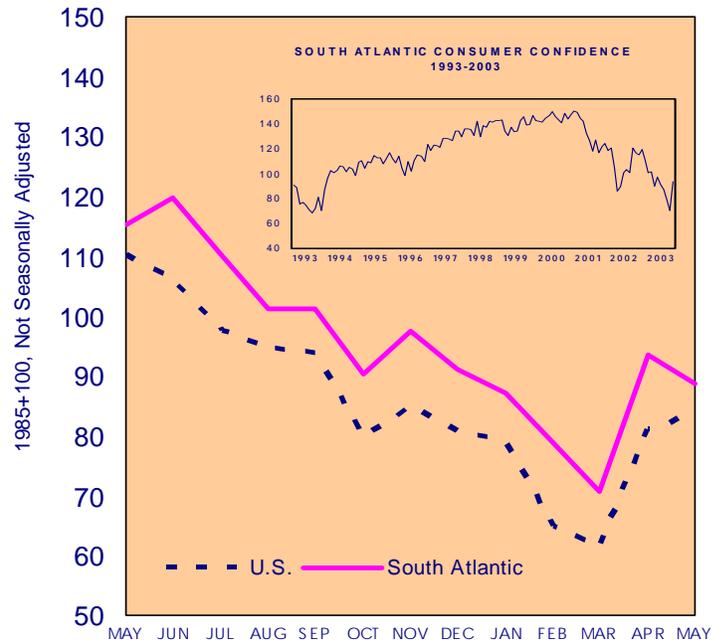


Source: Fairfax County Department of Tax Administration.
Compiled by the Fairfax County Department of Management and Budget.

Sales volume is down for all new homes through March 2003. New condominium sales have fallen from 18 in the first quarter of 2002 to 13 in 2003 during this same period. New townhome sales have decreased 46.4 percent, from 399 to 214, while new single family home sales are down 30.1 percent, from 378 to 261, year-to-date.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDEX

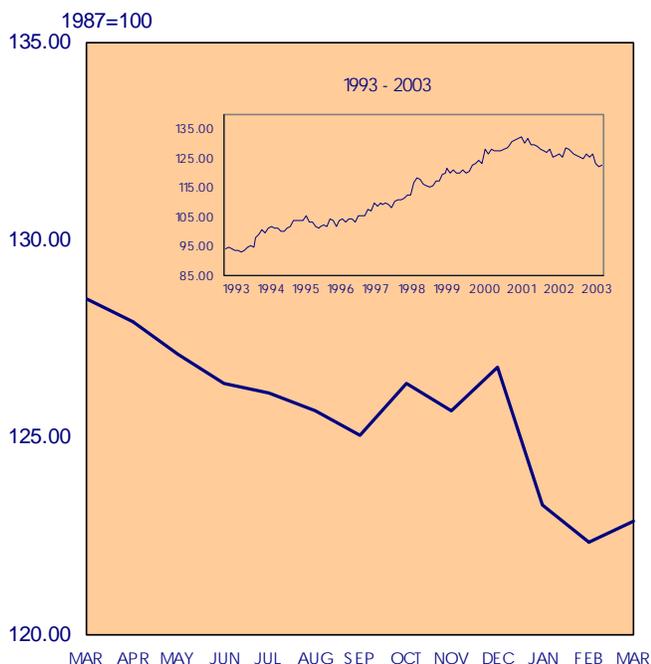


The Conference Board reports that the Consumer Confidence Index, which improved sharply in April, moderately increased in May 2003. The Index now stands at 83.8, up from 81.0 points in April. The Consumer Confidence Index is composed of two separate indices: the Present Situation Index and the Expectations Index. The Present Situation Index measures consumers' confidence in current business and employment conditions, while the Expectations Index measures consumers' confidence in business, employment, and family income prospects six months hence. The two indices are averaged to form the composite Consumer Confidence Index.

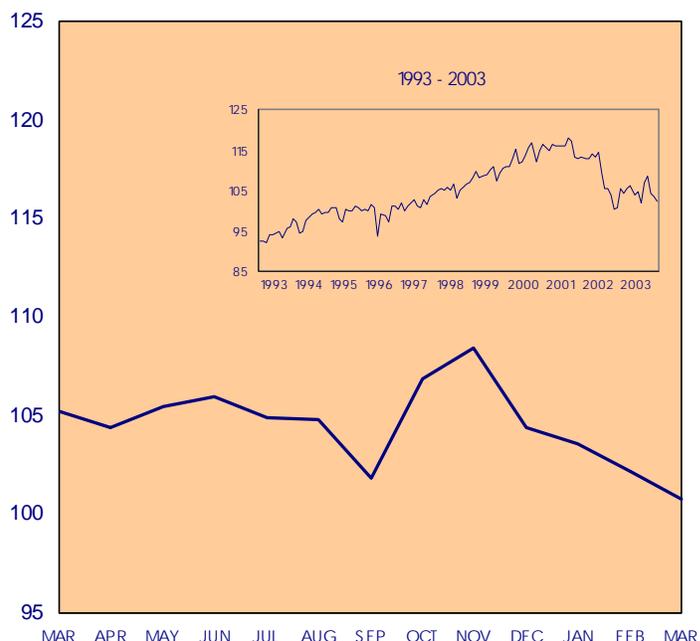
In May, the Present Situation Index decreased to 67.9 points, a 7.3 point fall from last month. According to Lynn Franco, Director of the Conference Board's Consumer Research Center, this month's decline in the Present Situation Index may signal that business conditions remain unfavorable and consumers have reacted by spending at current levels. In May the Expectations Index, however, improved 9.6 points to 94.4. Ms. Franco notes that the post-war boost has given way to domestic matters. While an economic turnaround is expected in the coming months, the uncertainty of when that will occur is the driving force behind consumers' current spending patterns.

The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices, which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



METROPOLITAN COINCIDENT INDEX



Source: Center for Regional Analysis, George Mason University. Compiled by the Fairfax County Department of Management and Budget.

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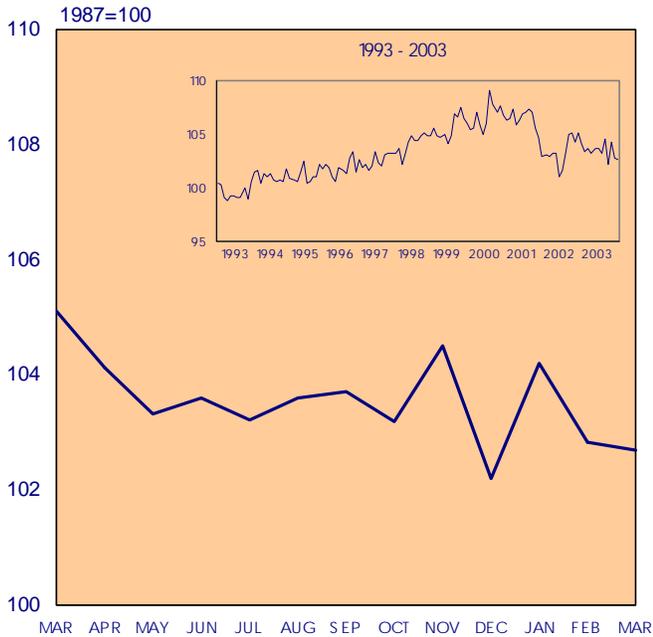
The Fairfax County Coincident Index, which represents the current state of the County's economy, increased slightly to 122.8 in March—a 0.4 percent gain over February 2003. This increase followed two monthly declines; however, compared to its level in March 2002, the Index is still down 4.5 percent. In March, two of the Index's four components contributed to its slight rise. Total employment increased in March for a second consecutive month and sales tax collections, adjusted for inflation and seasonal variation, increased after falling in January and February. Consumer confidence continued to decline for a fifth consecutive month and transient occupancy tax collections, adjusted for inflation and seasonal variation, declined following a sharp increase last month.



The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined to 100.8 in March 2003—a 1.4 percent decrease from February. The Index has now been down for four consecutive months and lost a total of 7.0 percent over that period. In February, two of the Index's four components contributed to its decrease. Consumer confidence fell in March and nondurable goods retail sales declined sharply following gains in the year's first two months. Domestic passenger volume at Reagan National and Dulles Airport increased following three monthly losses and wages and salary employment increased after three monthly declines.



FAIRFAX COUNTY LEADING INDEX

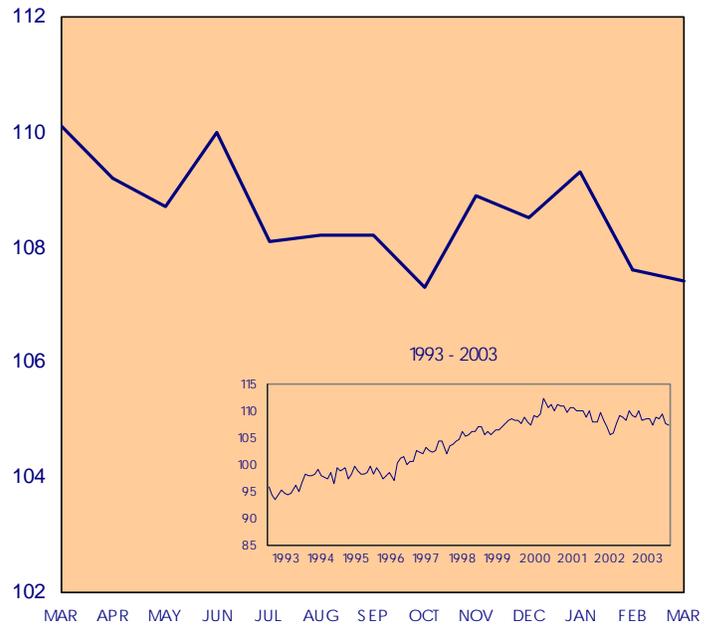


Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department of Management and Budget.

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in advance, decreased to 102.7 in March—a 0.1 percent decline from February. This slight decrease was its third monthly decline in four months. The index has lost 2.3 percent since March 2002. In March, three of the Index's five components contributed to its loss. New automobile registrations declined for a second consecutive month and consumer expectations dropped for the fourth month in a row and are down 44 percent since March 2002. Initial claims for unemployment insurance increased (worsened) after two months of improvement. Conversely, residential building permits rose sharply for a second time in three months and a rise in the total value of residential building permits more than offset the decline in February.



METROPOLITAN LEADING INDEX



Source: Center for Regional Analysis, George Mason University.
Compiled by the Fairfax County Department of Management and Budget.

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 6 to 8 months in advance, decreased slightly to 107.4 in March for a 0.2 percent drop. The Index is 2.5 percent below its March 2002 level. While the Leading Index was down three of the past four months, the declines have been marginal. In March, two of the Index's five components contributed to its decline. Consumer expectations fell 12.3 percent and initial claims for unemployment insurance increased (worsened) sharply. On the other hand, total residential building permits increased after two monthly declines, the Help Wanted Index moved higher after a sharp fall in February and durable goods retail sales increased enough to offset the decline in February.



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